

Subject: One-Time Opportunity for Employees to Enroll in LTC-TN with No Health Questions (1 of 7)

As you saw in the recent announcement letter, we are pleased to offer a new long-term care insurance benefit to employees and eligible family members of **Weakley County Government and BOE**. The following is the first in a series of seven "e-letters" to explain the value of this benefit to you in preparation for your open enrollment period **March 1, 2012 to April 30, 2012 during which actively-at-work employees have a one-time opportunity for guaranteed acceptance in the LTC-TN group long-term care insurance plan without any health questions.**

What IS Long-Term Care?

First, what is long-term care? It's extended chronic care, and some people need it for physical reasons like help with bathing and dressing after an accident or a stroke. Other people need it for mental reasons like help with a cognitive impairment, such as Alzheimer's.

You're probably thinking of long-term care as nursing home care. This is a HUGE myth, because only about 15% of long-term care is received in a nursing home.¹ Most long-term care takes place at home with family members, or in an adult day care setting (which works just like child day care), or in the beautiful assisted living facilities that are becoming more common.

You're also probably thinking that long-term care insurance isn't something that interests you, because only older people need long-term care. **One-third of the people who need the level of care that would qualify for long-term care insurance benefits are under age 65.**² Many of these people have suffered traumatic injuries due to automobile, motorcycle or sporting accidents or have experienced unfortunate illnesses at young ages such as Parkinson's disease, brain tumors, aneurysms, MS, Lou Gehrig's disease, or even strokes.³

*Kristi and David were high-school sweethearts. Kristi couldn't imagine marrying anyone else and her wedding day at age 20 was the happiest day of her life. Three years later, the dream was shattered when David at age 25 was on his way home on his motorcycle to pick her up for his company's Christmas party. He didn't see the dump truck until it was too late. The second point of impact knocked his helmet off and when he woke up seven months later, he didn't know his young wife. Kristi stuck by him through a painfully slow recovery that left him a very happy person, but trusting and childlike, not the man she had married. "Caregiver is a nice word for Mom," she said. "I had to do everything for David over the next three years. I was a wife, but really I was a mom, as I did the things that only a mom should ever have to do."*⁴

Because long-term care is so expensive, without proper planning, it can be the greatest threat to our financial security. Daily home care or care in an assisted living facility can cost at least \$36,000 a year; nursing facilities can be almost double.⁵ If growth rates continue at about 5% a year, these costs could triple in 20 years. If both

you and your spouse need care, you can certainly see how these numbers can explode. For example, an Alzheimer's patient can need care for a number of years.⁶

Since long-term care impacts the entire family, family members are welcome to attend group meetings and especially personal telephone consultations. You will receive a link at the group meeting that will allow you to reserve a time slot for a personal consultation. The group meeting schedule for our enrollment is:

Thursday, March 15th at 11:30 a.m. - Department of Finance

Thursday, March 15th at 4:30 p.m. - Highway Department

Friday, March 16th at 7:30 a.m. - Sheriff Department

Monday, March 19th at 11:30 a.m. - Department of Finance

Tuesday, March 20th at 3:30 p.m. - Department of Finance

Tuesday, March 20th at 5:00 p.m. - Department of Finance

^{1,2} *Health Affairs*, 1/10; ³ Department of Health and Human Services, 10/07; ⁴ **Long-Term Care: Your Financial Planning Guide**, LTCi Publishing, 2008; ⁵ LTC Insurance Carrier Cost of Care Surveys 2010-2011; ⁶ Alzheimer's Association, 2011

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Don't miss this one-time opportunity! Actively-at-work employees of *Weakley County Government and BOE* who apply from *March 1, 2012 to April 30, 2012* are guaranteed acceptance in the LTC-TN group long-term care insurance plan with no health statements required. Visit www.ltc-tn.com and click on "Seminar Schedule" to view when employee/retiree educational meetings either onsite or online are scheduled. Spouses, parents/in-laws and dependent children ages 18-26 are welcome to attend.

Who Pays For Long-Term Care?

Unfortunately, most long-term care expenses are paid out of people's pockets, out of the savings they have accumulated for other reasons, such as college tuition or retirement, or by Medicaid, which is the welfare program that pays for long-term care after you spend down your own money to the qualifying levels. (Source: CMS 2011)

Why? Because long-term care isn't covered by familiar forms of insurance like health insurance, Medicare supplements, Medicare Advantage plans or Medicare. These plans only pay for skilled medical care, and most long-term care is helping someone who is chronically ill with bathing, dressing, getting from the bed to a chair, and so forth. For example, someone totally paralyzed from a car accident would probably only need help that is not skilled, such as bathing and feeding, and **regular health insurance or Medicare will not pay for this kind of care.**

Disability income insurance pays to replace part of your income when you are disabled so you can pay your bills – it doesn't give you another \$3,000 - \$5,000 a month to hire someone to care for you.

To get Medicaid (TennCare) to pay, you have to spend down your assets to \$2,000. Your spouse can keep half the assets up to a maximum of about \$110,000 in 2011. However, the LTC-TN plan qualifies for the Tennessee Long-Term Care Partnership, which allows you to retain assets equal to the benefits paid if you ever have to apply for TennCare's long-term care benefit.* Owning a LTC-TN plan allows you to be a private-pay patient with maximum choices for care as long as possible and depend on Medicaid as the payer of last resort, not first resort. This is important, because every dollar paid by long-term care insurance is a dollar that stays in the state budget to pay for education, public works and to fund jobs for public employees.

In our next e-letter, we'll talk about the odds of you or someone in your family actually needing long-term care.

*Applicants under age 76 are required to purchase the 5% compound inflation benefit to take advantage of the asset protection provided under the Tennessee Long-Term Care Partnership.

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What Are The Odds I Will Need Long-Term Care?

It will probably surprise you to know that at age 65, the odds of needing some type of long-term care are greater than 1 out of 2.¹ The really good news is that for most of us, it will not be nursing home care, because most long-term care services are not received in a nursing home.² But care at home or in an assisted living facility at \$3000+ a month can easily exceed any family's resources quickly.³

What if you looked out your bedroom window and saw one out of two houses on fire? Or if you drove to work today and saw one out of two cars having accidents around you? None of us could sleep without homeowners or car insurance, and yet we know the odds of losing our home or automobile are not anywhere near 1 out of 2.

Most of us wouldn't think of canceling our homeowner's policy after our mortgage is paid off and the bank no longer requires us to have it, and yet we're talking about something that has a much greater chance of happening to us than a house fire, and will probably cost much more than replacing our entire house.

While strokes still happen more frequently to older people, the stroke rate is rising dramatically among younger Americans.⁴

*Allison, a nurse who coordinates stroke care at Forsyth Medical Center in Winston-Salem, North Carolina said her hospital also is seeing more strokes in younger people with risk factors such as smoking, obesity, high blood pressure, alcohol overuse and diabetes. "I'd say at least half of our population (of stroke patients) is in their 40s or early 50s," she said, "and devastating strokes, too."*⁵

With the information about long-term care you know now, can you think of any reason why you wouldn't want to protect you and your family from something that is very expensive, very likely to happen, and is not paid by anything else until you've exhausted most of your resources? Remember, **MOST PEOPLE WILL NEVER BE IN A NURSING HOME**, but being able to pay for alternative care at \$700 or more a week is more than most families can contribute.

In the next e-letter, we'll talk about the impact of long-term care on your lifestyle.

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¹ *Inquiry* 42: Winter 2005/ ²LTC insurance carriers cost of care surveys, 2010-2011; ³*Health Affairs*, 1/10; ⁴American Stroke Association Conference, 2/10/11; ⁵*Ibid*

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How Will a Long-Term Care Need Affect My Lifestyle?

A March 2010 Age Wave/Harris Interactive survey said that when asked their greatest fear about having a long-term illness, people are over five times more worried about being a burden on their family than dying, and that the greatest worry of becoming a caregiver is the emotional strain – even more than the financial costs.¹ Is that how you feel?

This could be any of us if someone we love such as a spouse or a parent or even an adult child suffers a disabling accident or stroke. To avoid drastic lifestyle changes brought about by the time and financial restrictions of caregiving, many people are planning ahead by purchasing long-term care insurance on themselves, their parents, and even their adult children.

Being able to afford paid caregivers can mean the difference between being able to preserve the lifestyle you've worked so hard for vs. being responsible for someone else's care 24/7. It can also mean being able to keep a job, because **CAREGIVERS WHOSE FAMILY MEMBERS HAVE LONG-TERM CARE INSURANCE ARE TWICE AS LIKELY TO BE ABLE TO KEEP THEIR JOB.**² This is a huge issue for women as two-thirds of the caregivers are women, and women make up almost half of the workforce.^{3,4}

Caregivers without help express emotional distress at having to sacrifice time with their children, pay for their education, take family vacations, or even meet day-to-day financial obligations.

Kathy and her husband Jim had it all. They had a successful insurance agency in Wisconsin and had every kind of insurance protection on themselves – except long-term care insurance. They were too young for that, they thought. At age 41, Jim was diagnosed with Parkinson's disease. Kathy had to learn the insurance business and take over his practice to care for him and provide for their family, especially their children's education. By the time Jim died, Kathy had spent almost everything, including their retirement savings. Today she dedicates her time to getting the word out about how long-term care insurance can protect families.⁵

For the family member who needs care, having long-term care insurance can mean the difference between having the choice of where you receive care or being required to receive care wherever Medicaid will help pay for it.⁶

In the next e-letter, we'll look at how long-term care insurance works.

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¹Age Wave/Harris Interactive, 3/10; ²America's Health Insurance Plans, 7/08; ³National Alliance for Caregiving/AARP, 2009; ⁴Bureau of Labor Statistics, 12/09; ⁵Shelton, Phyllis, **Long-Term Care: Your Financial Planning Guide**, LTCi Publishing, 2008; ⁶"Medicaid LTC Expenditures in 2009", Thomson Reuters, 8/10

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The Value of Long-Term Care Insurance

To evaluate the value of the long-term care insurance plan you are considering, apply this simple formula:

1. Multiply the premium for the plan you are considering for 30 years and compare that to the benefits available in the plan at that time.
2. Divide the premium you would pay over the 30 year timeframe by the daily benefit in 30 years to see how quickly you would get your entire premium back in the form of benefits if you had a claim at that time.

Remember, when you select the 5% compound inflation benefit, the daily benefit and total benefit account will grow 5% annually, which means they double every 15 years.

Here is a sample calculation using a hypothetical married 35-year-old. (This plan offers a spouse discount when both spouses enroll in the long-term care insurance plan.)

Step 1: The married 35 year old buys a \$100 initial daily benefit with a \$109,500 initial benefit account with 5% compound inflation coverage for a premium of about \$40 per month. The 35-year old will have paid about \$22,000 by age 80 ($\$40 \times 12 \times 45$ years), but thanks to the 5% compound inflation benefit, the daily benefit will have doubled by age 50 to \$200, doubled again by age 65 to \$400, and doubled again by age 80 to \$800 **PER DAY!** And at \$800 x 3 years, the benefit account will have grown to \$876,000!

Step 2: The premiums paid over 30 years of \$22,000 divided by the \$800 daily benefit shows that the entire premium is paid back in the form of benefits in only 27 days.

This example doesn't take into account that the premium stays the same **unless there is a rate increase on an entire class of policyholders**, and it is very likely the premium for the entire group will increase over the next 30 years. But with such a great difference between the \$22,000 in premium and \$876,000 in benefits in the above example, you can see the concept that when you have a claim, **you get your entire premium back in a very short time** as you are reimbursed for eligible charges. And, as long as the plan pays no more than the actual charge, the benefit is tax-free. [IRC 7702B(a)(2)]

Are you reading this and thinking age 35 is too young to buy long-term care insurance?

Premium for a married 45 year old for the same plan is likely to be about \$60 per month, but please consider that our hypothetical 35 year old wouldn't be buying the same plan 10 years

from now. He or she would have to buy a larger daily benefit because the cost of care would have increased over the 10 years, and the premium for the larger benefit would be for age 45, not 35.

Most importantly, you will be covered if you have an accident or develop a debilitating illness now.

Kim M. and her husband were in their late 30s when they attended one of Phyllis Shelton's long-term care insurance training seminars. Kim went straight home and purchased LTC insurance on herself and her husband. They had a son, an only child, and Kim didn't want him to have the emotional and financial burden for either one of them. Three days after her husband's 45th birthday he had a grand-mal seizure at work, and the diagnosis turned out to be a brain tumor. They couldn't have been more shocked as he had always been strong and enjoyed good health, which was essential for his physically demanding job working offshore in the merchant marine. After eight years, he is now tumor-free yet remains right-side impaired. Kim is so grateful for that decision at a young age to plan ahead for long-term care as her husband is uninsurable today for long-term care insurance.¹

And here's more good news: Today's long-term care insurance plans are guaranteed renewable which means the insurance company can never cancel your coverage for the rest of your life as long as you pay the premium in a timely manner. This means that **you can keep the same premium and benefits when you terminate employment or retire.**

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¹Worksite Long-Term Care Insurance Toolbox, LTCi Publishing, 2011